

SENATE BILL 120  
By Cooper

AN ACT to amend Tennessee Code Annotated, Section 55-17-111, relative to motor vehicle sales licenses.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 55-17-111(i)(1), is amended by deleting the language "twenty-five thousand dollars (\$25,000)" and by substituting instead the language "fifty thousand dollars (\$50,000)".

SECTION 2. Tennessee Code Annotated, Section 55-17-111, is amended by adding a new subsection thereto, as follows:

( ) (1) Each application for a license or renewal of a license of a motor vehicle salesperson shall be accompanied by evidence satisfactory to the commission that such salesperson has a surety bond in the amount of twenty-five thousand dollars (\$25,000) in force.

(2)(A) The bond is for the benefit of any person who suffers loss because of a misrepresentation as to the condition or history of a motor vehicle purchased from such salesperson.

(B) The aggregate liability of the surety to all persons shall in no event exceed the amount of this bond.

(3) In lieu of a corporate surety on the bond required by this subsection, the commission may allow the salesperson to secure such bond by depositing collateral in the form of a certificate of deposit or irrevocable letter of credit, as accepted and authorized by the banking laws of the state of Tennessee, which has a face value equal to the amount of the bond. Such

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collateral may be deposited with or executed through any authorized state depository designated by the commission. Interest on any deposit certificate of deposit shall be payable to such salesperson who has deposited it as collateral, or to such person as the salesperson or the certificate may direct.

(4) Any surety is required to provide sixty (60) days' notice of cancellation of the bond or certificate of deposit or letter of credit to the commission.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.

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